

- New Program Will Make Paying for College Easier, Lower Loan Interest Rates -

Wappingers Falls, NY – With this year's college graduates preparing to enter one of the toughest job markets in years, U.S. Rep. John Hall (D-Dover) announced new benefits that will take effect tomorrow that will make college more affordable for students and allow borrowers to cap their monthly student loan payments at a reasonable percentage of their income. The benefits were established under the College Cost Reduction and Access Act, a law that Hall helped enact in 2007 that provided an additional \$20 billion in federal student aid for students at no additional cost to taxpayers.

"We all know how important college is," said Congressman Hall. "We need to ensure that every American who wants to go to college is able to do so, regardless of their economic situation. And we need to make sure that once students graduate, they aren't forced into bankruptcy because of the money they owe for their education."

In the 2000-2001 school year, the average cost of tuition, fees, room and board at a public college in New York was roughly ten thousand dollars. Four years later the cost jumped to more than twelve thousand dollars. At private schools the numbers jumped from around twenty-five thousand to nearly thirty-one thousand. That's over a 20 percent increase in just about the time it takes a student to graduate.

"I myself will be attending college a year from now and this Bill will help me pay the expensive costs of college," said Moises Cuevas, Incoming Class of 2010 Student Body President of Roy C. Ketcham High School. "I am the oldest out of three siblings and with the economy today it is hard to go to state colleges, let alone more prestigious colleges. With this bill students will be able to pay off their student loans quicker due to the lowering of the interest rates. The bill does not take away money from the taxpayers. This bill also encourages students to become a teacher with teacher grants. With this bill, college education is more in reach and high school students will try harder to get into better colleges and eventually take higher positions in the workforce."

"It is clear that this law will certainly benefit our students and their families in a real, meaningful and immediate way," said Sherrill Murray-Lazarus, Roy C. Ketcham High School Principal. "No high school student should have to forgo continuing their education because of cost. Because

the College Cost Reduction Act is aimed directly at addressing the financial needs of the majority of our students, it is a great resource for our counselors, our students, and our families. I appreciate that the language of this act is clear and comprehensible and is therefore user-friendly for the intended beneficiaries, our children and their parents. Applying for college admission is a daunting process, now more than ever. This law is not only a timely legislative measure, it is well-written, well-directed and well-deserved and I look forward to our students taking full advantage of the many features and components included in the College Cost Reduction Act specifically designed to help them achieve their goal of pursuing a college education."

Beginning July 1, for the first time, students and borrowers will be able to participate in a new Income-Based Repayment program that caps their monthly loan payments at just 15 percent of their discretionary income. Any current or future borrower whose loan payments exceed 15 percent of their discretionary income will be eligible. After 25 years in the program, borrowers' debts will be completely forgiven.

Other benefits include:

- Cheaper interest rates on need-based (subsidized) federal student loans. On July 1, interest rates on these loans will continue to drop, from 6 percent to 5.6 percent. This is the second of four annual cuts in this interest rate; it will continue to drop until it reaches 3.4 percent in 2011. Nationwide, about 5.5 million students take out subsidized student loans each year.
- Higher Pell Grant scholarships for low- and moderate-income students. Due to funding boosts provided by both the College Cost Reduction and Access Act and the American Recovery and Reinvestment Act, the maximum Pell Grant scholarship for the 2009-2010 school year will be \$5,350 – more than \$600 above last years award. About 6 million students receive this scholarship each year.
- In addition, students and borrowers will be able to continue to take advantage of other recent programs enacted under the law that will make it easier for graduates to go into public service fields while grappling with student debt.

To encourage more students to become teachers, the law provides up-front tuition assistance, known as TEACH Grants, of \$4,000 a year – for a maximum of \$16,000 – to students who commit to teaching high need subject areas in high need schools for four years after graduation. (These grants first went into effect for the 2008-2009 school year.)

Graduates who enter into public service careers, such as teachers, public defenders and

Hall Announces New Student Loan Benefits Taking Effect July 1st

Tuesday, 30 June 2009 00:00

prosecutors, firefighters, nurses, non-profit workers and more, will be eligible for complete loan forgiveness after 10 years of qualifying public service and loan payments.

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